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By J. B. DEACON.

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The MANAGEMENT REVIEW

June, 1930

An Appraisal of Executive Ability

By J. B. DEACON, *Director*
Tide Water Oil Company

IF I WERE an executive endeavoring to appraise and strengthen my organization, I believe that I should begin with myself. I would ask myself such questions as these:

1. Of what precisely do my responsibilities consist? Am I certain that my own conception of my responsibilities is identical with the conception of the executive to whom I report?
2. Do I find my time unduly occupied with the details of management? In conference? In paper work?
3. Do I try to plan my work—a year ahead, a month ahead, a week ahead, a day ahead?
4. Do my plans remain merely plans, or am I able to carry them into execution without undue delay?
5. Does the control of the operation for which I am responsible actually centre in me? Have I in hand at all times all essential information for directing the operation? On the other hand, are my records and reports more comprehensive and detailed than is necessary for control purposes?
6. Do I rely exclusively upon operating and accounting reports for information about my organization? Or do I keep in close, vital, personal touch with my staff? Do I know how to make a thorough inspection of my

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

operating units? Does my disinclination to travel tempt me to neglect distant units?

7. Do I know how to express my policies and plans through my associates and subordinates; that is to say, do I know how to delegate responsibility? And do I sufficiently realize that the responsibility I delegate imposes upon me the duty of checking carefully as to the discharge of the delegated responsibility?
8. Do I give my associates and subordinates a sense of participation, of partnership in planning and conducting the operation? Do I give them an opportunity to develop judgment and initiative?
9. When matters come before me for decision, do I decide them with reasonable promptitude? On the other hand, do I tend to decide them so quickly that I do not give due consideration to all pertinent factors, and to the views of the interested parties?
10. What improvements in organization or methods, what economies have I effected during the past year? What have I in mind for the coming year?
11. Have I recently, or ever, closely analyzed, or caused to be analyzed, the duties making up each position in my unit of the organization? If not, can I assume that I really know whether my force is overburdened or underburdened?
12. What employees of mine have earned and received promotion during the last year?
Can I name others who are likely to qualify for promotion during the year to come?
13. Are my key positions understudied?
14. Do I keep in touch with my industry, through trade publications, trade association meetings, and contacts with individuals outside of my own company?

* * *

Then I would address to my private—unofficial—self, these questions:

1. Am I a prey to anxiety, worry, fear—over my health, my position, the results of my work? Do I adequately realize the blighting effect of these emotions?
2. Do I from time to time withdraw myself from business concerns and, through reading, meditation, worship, play, social contacts, seek to replenish the sources of vision and power?

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

Business Gets Back to Sound Basis

We are experiencing in industry today one of those situations which sometimes occur overnight. Perhaps things are going too big. We must give some thought to the recrudescence of the smaller manufacturer; this country was built up by small companies. Rather than to follow the prevalent tendency toward merging, the best thing the steel business could do would be to *emerge*. The bloom is off the rose in the merger business. Mr. Farrell concludes that we can now compete in any market in the world except where there is an arbitrary tariff. Short-sighted tariff tinkering encourages retaliation by other countries. By James A. Farrell. *The Iron Age*, May 15, 1930, p. 1447:2.

Contact and Conference Build Chain Spirit

Four words express the motto of the Jewel Tea Co., Inc., which is used as a guide for organization—spirit building—Contact, Conference, Confidence and Co-operation. It is felt that proper contact between leaders and workers cannot be maintained by correspondence. The feeling of being considered an important unit of the business as a whole can come only through personal contact with those in executive positions. In a business as large as the Jewel Tea Co. this contact between executives and all members of the organization is not always easy to secure, as it comprises a personnel of about 2,300 and covers territories in 37 states. Contact, however pleasant, is designed for the purpose of conference, by which is meant an

actual discussion of company policies, sales methods and merchandise. The present method of the company is to call a conference only when there is something to confer about. There are no regular executive staff meetings held.

Confidence is the outcome of contact and conference, and cooperation is the result of good organization, and is absolutely vital to the chief executive of a large organization. By M. H. Karker (As told to D. I. Mirrieles). *Chain Store Age*, May, 1930, p. 37:3.

New England's Concentration of Population Significant for Trade Promotion

The importance of New England as a consuming area and the significance to trade promotion of its concentration of population may be judged from statements in the recently issued "Industrial Structure of New England" that, according to the 1920 census, the population of that area comprised 7 per cent of the total population of Continental United States, although it has but 2.1 of the country's land area; and this in spite of the fact that two-thirds of the entire land surface of New England is in forest or potential forest land. One New England state has 78 per cent of its total land area in forest, another over two-thirds, and the proportion in forest is estimated to range from 40 to 50 per cent of the land surface of the other four states.

As a result, New England has a higher proportion of city dwellers than any other major geographical section of the country, practically four-fifths of its total population in 1920 having been classified as urban,

as compared with slightly more than one-half for the whole country. The two most densely populated states in the Union are Massachusetts and Rhode Island. Therefore, although the products of the diversified agriculture of the region exceeded in value in 1925 the net revenue from any single manufacturing industry except cotton goods, it is pointed out in the "Commercial Structure of New England" that the area affords a leading market for the food producers of other sections, drawing its food supply from practically every state, as well as from foreign countries. *Domestic Commerce*, May 10, 1930, p. 137.

Industry Looks for Leaders

It has been the general policy of the duPont Company to train its own executives. The advantage of this from the company's standpoint is that it has men who have come up step by step through the organization and have thus become familiar with every detail of the work. The advantage to the employee is that he has constantly before him many examples of what such a policy means in the way of promotion. Naturally, the largest field is for technically trained men. Next is desired those possessing the ability to progress. The parent organization, E. I. duPont de Nemours & Company, is divided into four departmental units—dyestuffs, explosives, fabrics and finishes, and smokeless powder. Each one is headed by a general manager,

and under him are directors of production and sales, plant and sales managers, superintendents and supervisors of operations on the plants, and section heads of branch sales offices. Each department also has its own technical director, supervising laboratories, both research and control, and other auxiliary divisions essential to the business. This type of organization is large enough to function efficiently and yet not too large to prevent any man from making his presence felt. By F. S. Johnson. *The duPont Magazine*, April, 1930, p. 1:3.

Trade Executives Being Checked Up

Trade association executives have been thrust under a pitilessly critical light by the recession of business last Fall, according to the recent statement of a leading observer of trade association activities. The tempo of business has changed; so must the attitude of these executives change. They must point out some program that will further lead their organizations out of this financial morass. Business men are under greater tension than formerly, and members find it more difficult to cooperate with competitors in their trade association activities. The speaker advanced the suggestion that all trade executives adopt a policy of creating a contingency fund to finance enlarged programs of trade work during "off" business years. *New York Times*, May 11, 1930, p. 6N

FINANCIAL MANAGEMENT

The Changing Structure of Finance

Branch and group banking, the consolidation of banking units, and the rapid development of the holding company—practically unknown factors two decades ago—have combined to exert a tremendous influence on the post-war financial structure.

The fact that only about fourteen States permit branch banking and that the Federal law restricts branches to the city in which the parent bank is located, and then

only in States permitting branch banks, has so narrowed the field of extension that, unless there is an amendment to the McFadden Act, expression of the desire to extend the control of banking facilities under corporate groups throughout or beyond State borders will have to come through the holding company.

It has been suggested that Congress has the power to broaden the territorial limits now set down by the McFadden Act and

to authorize National Banks to establish branches beyond municipal or even State lines and without regard to the laws of the States in which the National Bank branches established. Those States, however, whose laws do not contemplate branch banking could hardly be expected to approve of such legislation and their representatives in Congress would probably not support such a measure. It may be that larger acceptance could be gained for a measure aiming to extend the area that may be legitimately covered by such operations to include what is popularly known in the cities of the country as the metropolitan area and the areas of national banking influence outside the cities.

If the public has felt a sense of security and freedom from financial monopoly under the unit system, it may not desire to abandon this system for a national system of branch banks. There is, however, a distinct advantage in permission to extend operations beyond the central banking house and actually to participate in the profits and share the losses, if any, incident to the banking operations of at least the immediate district in which the parent bank stands as the center of financial influence. For the branch bank system, furthermore, it is also to be claimed that it places the whole organization under supervision, carries a definite and unlimited responsibility upon the parent bank for the operation of all of its banks, retains for the security of depositors whatever double liability advantages now exist, and is calculated to develop within itself the management to conduct the business, however far-flung it may be. By Harry A. Wheeler. *Executives Service Bulletin*, May, 1930, page 1:3.

Property Accounting

The fact that investment in plant property is usually one of the largest items reflected in the Balance Sheet makes it most essential that adequate supporting records be maintained in sufficient detail to meet the particular requirements. The

property accounting system of the U. S. Rubber Company is described in this article in some detail. This system has proved very satisfactory in actual operation. While it may be considered impracticable for some organizations, on account of differing methods of operation, the same principles may be applied to advantage by any manufacturing concern. By H. B. Grouse. *N. A. C. A. Bulletin*, March 15, 1930, Section II, p. 922:10.

Stockholder Costs Company \$3 a Year

Wide distribution of stock holdings in corporations is not an unmixed blessing to the companies that have acquired it, according to executives connected with transfer and accounting departments. The drawback is that it invariably entails a great number of small holdings with a consequent measure of cost in handling the accounts, which is more expensive than the investment represented by the smaller stockholders is worth to the company.

Aside from postage it is difficult to estimate the cost of an individual stockholder to a company because of the variation in the styles of stock certificates, stationery, checks, the annual reports, proxy forms and other things which enter into the relations of corporations with stockholders.

Four dividend checks, the annual report and the notice of the annual meeting in postage alone would average 13 cents a year, according to a chief accountant in a large corporation, and this is the smallest part of the cash expenditure a single stockholder requires. This accountant estimates that stationery and envelopes would easily double this amount, while certificates and checks during the course of a year for a single stockholder would average about 30 cents, so that, everything else considered, the cost aside from labor would approximate \$1.00.

Including the cost of clerical work, this accountant estimates that the average stockholder costs the average corporation \$3.00

a year at a minimum. He points out that this charge is the same whether the stockholder owns one share or a great number, and that in the case of the majority of the stocks listed on the New York Stock Exchange this expense runs higher than the annual dividend rate on a single share. *The New York Times*, April 27, 1930, page N9.

Bank Control with Budget

It behooves banking executives not only to keep pace with industry but also to be leaders in the adoption of new methods of scientific management of which budgeting is so integral a part. This author presents an intelligent and practical outline for the direction of income and expense. In addition, he discusses that particular phase of budgeting termed "Operating Standards for Financial Control." By Ralph E. Bailey. *The Burroughs Clearing House*, April, 1930, p. 7:7.

Investment Trusts Revising Practices

A tendency among investment trusts to revise their methods of handling securities, brought on to a large extent by the stock markets' decline last Fall, is gradually making itself apparent.

The purpose of these revisions is generally toward a simplification of the methods of buying and selling securities. The routine usually followed, until stocks slumped, necessitating approval of any investment changes by a majority and sometimes a unanimous vote of the board of directors, even after the change had been recommended by numerous research and investment committees, and it is felt that this was one of the reasons why many of the trusts were too heavily loaded with securities and had too little free cash when the break came.

The new trend is toward placing more confidence in the decisions of these specialized committees and salaried officers by the boards of directors. In some cases, changes in portfolios are being made now without waiting for regular or special

meetings of the boards; in others, the boards are said to be more inclined to authorize, more as a matter of routine, the changes recommended by the investment officer or committee. *The New York Times*, April 27, 1930, p. N9.

The Fixed Investment Trust

During the past few years a new variation of an old financial vehicle has attained great proportions in this country. We refer to what is popularly called the fixed investment trust, also known as the "rigid trust," "bankers share," trustee certificate," and "stock conversion" companies. The fixed investment trust seems to have become fully established as a feature of American finance, at least sufficiently so as to warrant an examination of the claims of its proponents, the theory upon which it has been promulgated, and, in so far as possible, a testing of its merits. The author does this under the following headings: The Origin of the Fixed Trust; the Mechanics of Issuing Fixed Trust Shares; Price Make-up and Profits Accruing to Depositor; The Fixed Trust Theory; Claims of Proponents and Opponents; Testing the Fixed Trust Theory; Portfolio of Theoretical Fixed Investment Trust. By Abraham Tonkin. *Barron's*, May 12, 1930, page 13:2.

Certain Aspects of the Interpretation of Price-Earnings Ratios

The idea that price-earnings ratios are a trustworthy measuring stick of common stock values was given a rude jolt in the great bull movement of 1924-1929. Even superficial observation conspicuously reveals the limitations, or conditioning elements of price earnings-ratios. Certain of these limitations can be enumerated as follows: (1) the temper of the speculative community; (2) misleading earnings reports; (3) the secular trend of price-earnings ratios; (4) the sustaining influence of book values; (5) the variability of

earnings; and (6) the slope of earnings. The authors discuss each of these conditioning elements in turn.

In addition to the limitations above outlined, deficits disqualify the application of this particular measuring-stick in the case of many companies. There are, moreover, special sets of circumstances surrounding each particular stock, for stocks are highly individualistic. Yet the price-

earnings ratio seems to have a distinct utility when considered in the light of its conditioning elements and special circumstances, if only because its disparity from so-called "normal" standards gives birth to curiosity as to what those special elements may be. By Norris O. Johnson and John T. Shirer. *Journal of the American Statistical Association*, March, 1930, Supplement, page 106:5.

OFFICE MANAGEMENT

Space: *Location, Equipment, Arrangement*

Finds Noise Lowers Efficiency by Ten Per Cent

At a recent general meeting of the Acoustical Society of America the members were told that noises in an office reduce the efficiency of workers as much as ten per cent. It was also revealed that the sources of noise are within rather than outside the office building. It has been found that parallel walls of buildings on opposite sides of a street carry the street sounds upward undiminished and the tenth floor is as noisy as the first. The quietest spots in the skyscraper section have been

found to be usually the first floors above the skyscraper "setbacks," and those higher than the tops of surrounding buildings. *New York Times*, May 10, 1930.

Taking Noise Off the Payroll

A description of experiments made in the Psychological Laboratory of Colgate University and their application to business. It is apparent that people and their output are affected by noise and that the waste from this cause can and should be eliminated. By Arthur T. Vincent. *The Office Economist*, April, 1930, p. 7:3.

Administration: *Regulations, Supplies, Communications*

Lost Time: An Investigation in a Railway Office

Results of a study, the purpose of which was establishing control of the employee's time. Measures taken to reduce time lost are: 1. the proper keeping and

use of records; and 2. medical first aid. Only a few employees in every group are found to be chronic offenders; they have to be singled out and dealt with. By J. D. Hackett. *The Personnel Journal*, April, 1930, p. 399:10.

Organization: *Job Analysis, Employment, Pay, Tests*

Suggested Tests for Senior File Clerk

A senior file clerk's duties, typical tasks, minimum qualifications, additional desirable qualifications are outlined. Test 1 measures the memory for oral directions. Test 2 measures the extent of filing information, terms and practices. The testee having no experience as a file clerk, but knowing the principles and technique can show special-

ized knowledge and aptitude for work in this test. Test 3 measures skill in alphabetical filing. Test 4 measures ability to understand and follow written directions. Test 5 measures ability to meet filing situations. Test 6 is designed to secure an appraisal of the education and employment history of the testee. *Public Personnel Studies*. March, 1930, p. 35:4.

Cutting Clerical Costs

Office improvement work may be promoted by: a staff meeting of clerical department heads; investigation by a staff assistant to the office manager; or surveys by a planning division staff assistant or engineer. One way of making a survey is described and forms shown. When clerical salaries are properly standardized it is possible to prepare a budget to govern office expenditures. Monthly comparisons may then be made. Graphic representation is invaluable in such work. By Waldo Hutchinson. *The Office Economist*, April, 1930, p. 3:3.

Economies that Cost Little

The president of the Illinois Central System says that we must not overlook the less tangible savings while making the more usual economies in physical equipment. Considerable savings in supplies and clerical work are possible if attention is directed to them. Examples are given of savings made which ran into substantial figures. These mean war on Tradition. When a record is kept on any operation, results are apt to improve. It is necessary to develop

in subordinates the ability to think. Frequently those closest to the work can devise better methods. In these days of narrow margins and keen competition, economies of all kinds are a requisite to the development of the greatest earning power of the business. By Lawrence A. Downs. *System*, May, 1930, p. 401:4.

Employees—Common and Preferred

Employees fall into two classes: those whom the management is anxious to retain and those who could easily be replaced. An incentive plan which combines pecuniary appeal with the desire to excel for the sake of being known as one of the preferred workers in a plant, and which emphasizes the group rather than the individual, is susceptible of various adaptations and has demonstrated its value in actual use. Special privileges and prerogatives may be added to enhance the attractiveness of membership in this group, such as payment for holidays, special consideration for promotion, etc. Appointment to the preferred group is for a fixed period and ratings are revised quarterly or semi-annually. *The Service Letter*, N. I. C. B., April 15, 1930.

PRODUCTION MANAGEMENT

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

A New Industrial Era in the Making

A new high level of industrial prosperity to come from engineering revision of processes and products, already exemplified in the steel industry by important concerns manufacturing staple commodities, is predicted, based on belief that results achieved by certain concerns will lead intelligent capital in other industrial groups also to resort to such revision, and that competition will do the rest.

The economic changes of the past decade have forced industries to seek relief through engineering research, old methods

having proved inadequate for the fundamental readjustment needed. Lower manufacturing costs and superior products are the direct results. The nature of the economic change which makes basic readjustment necessary is summarized. By Charles P. Tolman. *Barron's*, April 7, 1930, page 12:1.

Adopt Five-Day Week

As a means of providing work for fellow-printers out of employment, the 6,000 members of the Chicago Typographical Union have voted to adopt a five-day week.

The action was taken under provisions of the International Typographical Union laws permitting its locals to adopt abbreviated hours for a 90-day period. Similar action to combat unemployment has been taken in some other cities.

At present members of the Chicago Typographical local work five and one-half days, taking a day off every two weeks to give work to unemployed members. *New York Times*, May 14, 1930.

The Stabilization of Employment

Among the many efforts which can be made in metal trade plants to stabilize employment there is that of the cast iron pipe manufacturers to stimulate customers to buy pipe in the winter for winter delivery at a special price. Secondly, there is the device of introducing supplementary lines. Then also there is the method of manufacturing for stock during the slack season.

Why would it not be possible for each company to establish what might be called an "unemployment department"? That is, it would simply mean that somebody responsible was continually thinking in terms of unemployment. Extra executives would not be needed—it would be headed by the president and include the production manager, the sales manager and the personnel manager. It would, in effect, be a sort of conservation department, to conserve the human resources

of the plant. The methods of the "unemployment department" would include such as have been successful in safety and waste prevention work; unemployment prevention would naturally have to deal with the executives instead of with the employees, as is the case, mostly, with accident prevention. Unemployment prevention is an executive state of mind. By Sam A. Lewisohn. Presented before the National Metal Trades Association, April 16. *American Metal Market*, April 18, 1930, p. 11.

Can Prosperity Be Built on Waste?

The strange doctrine that it is not economy but waste that makes a nation prosperous is disproved by Professor Carver. He suggests that production engineers apply their theory of "destroy goods and prosper" to their own jobs of production. To be consistent they should waste raw materials, use up equipment as rapidly as possible, and keep labor from working too hard. Changes in styles, particularly clothing, are inevitable, he believes, but are fundamentally wasteful. Artificial stimulation of consumption or artificial slowing down of production is net loss to the community. The doctrine that the wholesale destruction of goods is beneficial would lead to the encouragement of arson, war, and other destructive agencies. By T. N. Carver. *American Bankers Association Journal*, May, 1930, p. 1017.

Training and Education: Schools, Publications, Bulletin Boards.

Co-operation in Vocational Education

Although the need for vocational training is rather universally recognized now, the question of who is to carry it on, and how remains unsettled. Closer co-operation between the mutually dependent agencies of vocational training—the public school and industry—would have very permanent results. The writer suggests that industry concentrate on those matters pertaining to production, and the school

Libraries, Apprenticeship, Employee

on those of related instruction. Three conditions would be necessary: the school boy spending part of his time in industry, the apprentice of industry spending part of his time in school and the school teachers, in order to guard against impractical or too academic teaching, spending their summers in the shops with the proper recognition from the school authorities. By R. F. Carey. *American Machinist*, April 24, 1930, p. 6972.

Shop Training Fits Boys for Key Positions

The Pratt & Whitney plant, which has been training apprentices since its founding in 1860, has graduated many men since prominent in the machine tool and applied industries.

Great care is exercised in selecting apprentices. The applicant must show very definite interest in the particular training for which he applies. He must be physically fit, having sufficient preliminary education and, upon test, show mechanical aptitude. Character requirements are carefully considered; the company wants boys who will stick, and is especially desirous of enlisting those who may ultimately qualify for positions of responsibility with the company. *The Iron Age*, April 24, 1930, p. 1209:5.

Employee Service: *Hygiene, Recreation, Lunch Rooms, Stores, Safety*

Employee Welfare as Practiced by a Manufacturer of Brazil

From the beginning it has been a policy of the Fabrica Mazda to look after the welfare of their employees. Working quarters are roomy, with abundant light and air. Machine workers and workers at the benches are seated comfortably in chairs. Most of the employees live at some distance from the factory and there-

Foremen go to Night School

John A. Roebling's Sons Company, employing over 6,000 workers, is now engaged in the fourth year of specialized educational effort, which has resulted in many tangible evidences of value. The class, made up of foremen, assistant foremen, superintendents, and office executives, consists of a monthly discussion group of all men enrolled, led by a qualified counsellor and covering certain fundamental text material. These are followed by discussions in the various divisions in the plant to consider how the principles may be applied in the individual departments. This program has been developed from the three previous years' work, outlines of which are also given. By Daniel Ross. *The Iron Age*, April 10, 1930, p. 1059:2.

fore a lunch room is established where meals can be secured at a minimum of expense. The food is preserved by electric refrigerators and is cooked by electric equipment. There is an emergency hospital for the care of accident cases, and a dentist's office with modern equipment used by a dentist who makes periodic calls. A physician calls twice a week for consultation. *The Digest*, April, 1930, p. 13:3.

Employment: *Classification, Selection, Tests, Turnover*

To Get the Best From Each—

Assuming that maximum cooperation is desirable, it is essential to have a definite policy about this cooperation and a plan through which to carry it out. Misunderstandings should be eliminated, through enough imagination being put into play to reflect the other person's viewpoint. The individual's relation to the business and to the job must be established. Various means have been devised to relieve the worker from worry. The worker's ambition must then be stimulated—his pride in his craft,

his company, his job and his hope for improving himself. Intelligent use of business contacts and conferences will go far toward securing desired cooperation. By E. K. Hall. *System*, April, 1930, p. 305:4.

Age as a Factor in Employment Studied by Associated Industries of Massachusetts

The Industrial Relations Conference of the Associated Industries of Massachusetts reports finding no data to show general discrimination against older workers, either

as to hiring or discharging, and that most employers in that state are trying earnestly to find ways to lessen the difficulty of older workers in finding and retaining employment. It is pointed out that the problem grows as the concern grows old.

The following measures of relief in use and proposed are listed by the Conference:

1. Wider use of retirement wages.
2. Annual complete physical examination

of older workers at the employer's expense.

3. Regular interviews with older workers.
4. Reassigning older workers in the same plant.
5. Promotion of the saving habit.
6. Permanent employment statistics.

Domestic Commerce, May 10, 1930, p. 136.

Benefit Systems and Incentives: *Group Insurance, Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership*

Western Electric Adopts Plan of Mass Vacations

The Western Electric Co. has adopted a plan of mass vacations for its 35,000 employees this season at its Hawthorne works at Chicago. The plant this year will shut down completely for a two weeks' furlough in July, it is announced. The experiment was undertaken originally when increased vacation grants gave practically all Western Electric employees vacations with pay. The usual method of spreading vacations over a period became unsatisfactory under these conditions, it is stated, and the plan also lessened efficiency and made it necessary for thousands to take vacations at unseasonal periods. Mass vacation was suggested as the remedy. *Daily Metal Trade*, May 2, 1930, p. 3.

New Rulings on Overtime Pay

All employees of The Mead Pulp & Paper Company will be paid straight time for the time at work during any week day for repair work or making wire changes. Time and one-half will be paid for all work on the Fourth of July, Labor Day and Christmas. The present policy of paying time and one-half for all Sunday work will be continued. Hereafter, due to the fact that day workers called in to assist in making repairs did not receive sufficient pay to compensate them for making the trip to the mill, a minimum amount is to be paid to such employees. When persons regularly em-

ployed on the day trick are called in during the night to assist in repair work, they shall receive a minimum of three hours' pay for all time under two hours they may have worked. For all over two hours they shall receive time and one-half. A table is given, showing how an employee would benefit under the new plan. *Mead Co-Operation*, March, 1930, p. 37:2.

New York Central Backed by Own Employees

Recent offering of 75,000 shares of the capital stock to officers and employees by the New York Central Railroad brought out subscriptions from 32,000 employees for 118,000 shares. Orders for one and two shares will be filled and other subscribers will receive about one-half what they asked for. Two-year employees were offered the stock at \$130, payable in monthly installments of \$5 a share. Subscribers averaged 14 years in the service. Which liberal response from members of its own household speaks volumes for the New York Central and its management. One's own family knows him best. By J. F. Froggett. *Daily Metal Trade*, May 2, 1930, p. 1.

Making a Manager Out of a Foreman

The system of allotting each foreman a certain sum every month on which to run his department, and paying him a bonus if he comes within the allotment, has a great

advantage. It creates a powerful inducement to the exercise of the foreman's ability of economizing, by the offer to him of a definite personal gain. It definitely unifies his interests with those of the management, and insures his utmost co-operation.

To achieve the best results, the bonus should be made to increase with the amount of the allotment that is saved. Also it should be designed to depend on the quality and quantity of production, so that there shall be no tendency to sacrifice either to reduce costs. For instance, a bonus on the amount of coal saved may tend toward bad air remaining in the factory, to avoid the cost of heating fresh air, unless an adequate means of checking it is devised. Vitiated air diminishes the quality and quantity of production.

Labor Relations: Collective Bargaining, Employee Representation, Arbitration

Vocational Selection and Training

Scientific research in industry as carried on in the Soviet Union can be understood only if one realizes that the U. S. S. R. is one gigantic enterprise, and not, as in other industrially developed countries, limited by the nature and size of each individual enterprise. The study of the human factor in industry is the basic element in such an economic organization. That is why the Soviet labor research organizations are occupied not only with abstract problems pertaining to the study of labor conditions, but with the practical problems arising in the process of the socialist construction of the country. One of the most important of these problems is that of vocational education and selection. The entire research work in this field is concentrated in the Narkomtrud which has established a whole network of institutions devoted to vocational advice to adult workers and vocational education and selection of young workers.

Another important problem which is

The management by determining the allotment still retains control. From one point of view it has greater control of this system; it has a much more powerful draw on the abilities of the foremen, and also a better knowledge of them. By John J. Woffington. *American Machinist*, April 24, 1930, p. 687:1.

Adopting Ideas of Employees Cut Costs of Handling and Distribution

The production manager of the Timken-Detroit Axle Company, having risen from the ranks himself, encourages the workmen to discuss other ways of performing the operations in which they were engaged. A new method of loading axles and a group wage plan were adopted. By D. G. Baird. *Materials Handling and Distribution*, April, 1930, p. 23:3.

being thoroughly investigated is that of fatigue. The introduction of the 7-hour day has necessitated three working shifts. The question has arisen as to whether night work for women is so injurious that the law prohibiting it should be retained even now when the working hours have been shortened.

The economic worth of such studies cannot as yet be evaluated statistically, but their increasing value has already been expressed in the rationalization of many phases of economic life. By I. N. Spielrein. *Economic Review of the Soviet Union*, April 1, 1930, p. 32:2.

Seeking the Appropriate Personnel Policy for a Printing Firm

The printing trade in England is unusual in having a form of personnel organization which had its primitive beginnings in the early days of the industry. This is the Chapel System, so called because much of the earliest printing was done by the monks in their monastery chapels. The Father of the Chapel cho-

sen for each firm acts as an intermediary not only between the employees of that firm and the trade union, but also between the employees and the management. Printing firms do not as a rule give vocational training to their employees unless they are beyond easy reach of a technical printing school, to which the apprentices can be sent for instruction. *The Times*, which is famous for its efficient personnel policy, makes a rule never

to appoint even a messenger boy of fourteen unless he gives some indication that he will be fit, at sixteen, to be put into one of the semi-skilled branches of the work.

There are in most firms adequate contributory sick pensions, recreational facilities, medical examinations and first aid rooms. *Industrial Welfare and Personnel Management*, April, 1930, p. 126:3.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study.

Put Worker in Movies to Improve His Act

For years, under the sponsorship of the Gilbreths, motion studies by means of special apparatus have been utilized for technical analysis of work methods. But only recently has the ordinary movie outfit been put to this use. By use of constant speed cameras and projectors it is possible to project pictures at speeds at which the man works or at any other desired. By using various speeds it has been found possible to train time-study men in proper operation rating, and to check the work of new time-study men, calibrate their judgment, and indicate their errors. It has been found that a better estimate of a workman's native ability can be obtained by motion pictures than by time studies. *The Business Week*, May 7, 1930, p. 42.

Concrete Savings and Methods of Waste Reduction

A special campaign for waste reduction conducted by the Newport News Shipbuilding and Dry Dock Company was the climax of various educational and cooperative movements and was built around the employees' representation plan. The psychological and educational value of such campaigns are felt to be of even greater value than the concrete savings. The value of the 677 suggestions received were estimated at \$264,410 and included improvements in products, ma-

terials, equipment, tools, drafting, direct labor and machinery. Suggestions were incorporated in the following printed manuals: a cost-book, a supervisors', a material control, a small tools, a machinery and machine tool and a plant repair and maintenance manual. By W. B. Ferguson. *Proceedings National Management Congress*.

Old Man Weather Takes the Count

Air conditioning in the W. F. Schrafft & Sons Corporation (candy) factory. The installation controls temperature, humidity, purity and distribution of air. The production value of this equipment is immeasurable as is its effect on the health and comfort of the workers. *Factory and Industrial Management*, April, 1930, p. 806:3.

Washing Windows to Cut Lighting Bills and Reduce Spoilage

It has been estimated that the average accumulation of dirt in an industrial center, on vertical window panes, cuts down the window's efficiency one-sixth in three months; if allowed to accumulate, it will eventually cut down approximately one-half of the lighting efficiency. Some results of increased profit from correct illumination have run as high as 15 to 25 per cent more production, 25 per cent less spoilage and 25 per cent fewer accidents.

The Cleveland Tramrail equipment for over-head material-handling has been very

successfully and economically adapted to window cleaning. A man is suspended in a cage supported from either the eaves of the building or brackets securely bolted and lowered by use of a standard chain hoist. In this way the workmen can easily raise the cage to the proper elevation, work around the entire building at this point, and then lower to the next row of windows, and so on down until the job is completed. By John R. Booher. *The Iron Age*, May 8, 1930. p. 1369:3.

An Effective Method of Reducing Waste

Several examples of salvaging are given including leather belting, waste paper, saw dust and small wood blocks. The substitution of cheaper materials should also have attention. In preparing for a campaign, various exhibits may be effectively used to acquaint employees with values of tools, supplies, unnecessary lights, etc. A system of rewards for suggestions may be effectively worked out and has met with considerable success in many plants. By C. B. Auel. *Proceedings National Management Congress*.

Scientific Management in Mining

The need for scientific management in mining lies chiefly in the fact that without time studies the actual losses of time are unknown and their large total amount is unsuspected. Under scientific management all possible routine operations are objectively studied, analyzed and digested, leaving as little as possible to subjective estimation, the purpose and the

result being to make the best possible use of labor, materials and equipment. Efficiency engineering is here considered with respect to time and mechanical studies, an investigation of costs, standardization of methods, instruction of labor, standards of performance, planning in advance and other functions of the study department.

Scientific management has its justification in the fact that all records of high efficiency have been made when foremen and men were working to a plan carefully worked out in detail by the management. It raises the standard all around, it brings greater production and lower cost, and higher earnings for the men employed. Presidential address delivered by Prof. S. J. Truscott, before the Institution of Mining and Metallurgy, May 16, 1929, 27 pages.

Waste Elimination—the Problem

For waste elimination there are four essentials: mental attitude, knowledge and facts, waste consciousness and action. Material waste elimination assists both management and men to be thrifty and orderly and to take good care of property and material. These practices repeatedly followed, soon become deeply grooved habits easy to keep and hard to break. Such habits reflect themselves in greater interest and pride in workmanship and in quality of product. The benefits, therefore, are accumulative and spread far beyond their original purpose. By Virgil M. Palmer. *Proceedings National Management Congress*.

Research and Experiment

Factors Influencing Production in Factory Work

A preliminary report on laboratory investigation with a main endeavor to reproduce as exactly as possible the normal factory working conditions. Three types of work which recur in the different kinds of factory work as their primary charac-

teristics were provided for. These may be termed "heavy work," "precision work" and "revision work." The men handling the work were untrained laborers who received normal wages.

The investigation consisted of two major parts; the first was to examine a number of factors influencing the ordinary

factory work, the second was concentrated more especially upon conveyor work. The specific results of each individual experiment are given in detail.

It is planned to continue this research

to take into consideration combinations of these individual external influences upon production. By Dr.-Ing. Ewald Sachsenberg, Professor, Technische Hochschule, Dresden. 25 pages.

MARKETING MANAGEMENT

Sales Mindedness—One Way Out of the Price Rut

The bitterest price wars have usually been in those industries where the production manager tells the sales department what it must sell. In the textile industry selling was always made subordinate to production. The management of a mill was usually put in the hands of the treasurer. In almost every case where sales-mindedness crept into the management of textile mills, they were able to lift their products out of the price rut. In this day of quick changes in merchandising the man who sets policies must keep the final consumer in mind all the time. The Hills Brothers Company has always been noted for its development of the sales sense among the whole organization. A recent survey among other manufacturers who have managed to take their various products out of the price rut, indicates that at least eleven separate methods are being used. A new idea must be sold to the organization itself, its distributors and consumers. By Roy Dickinson. *Printers' Ink*, May, 1930, p. 42:2.

Applying the Scientific Laws of Production to Distribution

It is the experience of the Kendall Company that there is an analogy between the technique of distribution and the technique of production and that the same principles of scientific management which have been applied to production problems can be applied to distribution problems. In any consideration of this question there are two requirements. The first requirement is a point of view. In many manufacturing businesses, executives think production

first rather than markets first, which is the wrong view. A second requirement is a more careful study of the job to be done by each part of the distribution machine. Advertising will only have a chance to show what it can accomplish when we have real scientific management of distribution. As told to C. B. Larrabee by Henry P. Kendall. *Printers' Ink*, May 15, 1930, p. 101:4.

Budgeting Territorial Sales

In many large companies today the sales control division ranks as one of the most important of marketing divisions. A large manufacturing company budgets sales a year in advance, thus determining its profits a year in advance. It then sets aside 10 per cent of the net profit for the dividends and plans on a further six per cent for surplus. The remainder, after taxes have also been deducted, is carefully budgeted. Enough of the operations of the sales statistical department are described to make clear the important part it plays in territorial sales budgeting. Each of the 34,000 direct customers has an itemized sales record card, and each order as entered is transferred item by item to punched cards. By J. J. Wither-spoon. *Printer's Ink Monthly*, March, 1930, p. 50:3.

The Food Broker—Who He Is and How He Operates

In the first place, the food broker works entirely on commission, without expense allowance even for telegrams. He offers predetermined expense of doing business regardless of volume in a particular terri-

tory. That is, he does not cost anything until he sells a bill of goods, while a branch office piles up expense whether it sells or not. In the food industries, it is the theory that the broker represents the manufacturer in his dealings with wholesalers but as a matter of fact as he deviates from this basis he comes into competition with wholesalers, which is the cause of the bitterness against him in some cities. The proper function of the broker is "merely to arrange the purchase." By H. A. Haring. *Advertising & Selling*, April 2, 1930, p. 17:3.

Instalment Selling Is Strained But Shows No Signs of a Break

A desire to wait until the present depression is over is preventing instalment companies from giving out facts and comparative percentages. Automobiles comprise about 52 per cent of the entire instalment business. An official of a large concern which finances part-payment purchases states that reposessions of cars from owners unable to meet payments have been very bad and that dealers are hard hit. In the case of furniture, reposessions are serious. What is true of automobiles and furniture is true in varying degrees of radios, washing machines, and the many other commodities marketed on the part-payment plan. A large increase in small loans to consumers has paralleled the development of instalment selling. However, Milan V. Ayres, who has made a complete survey of the instalment problem, sees no reason for fear. He bases his assumption on the fact that in the panic of 1920-1921 sixty-four companies financing instalment sales recorded no failures. *The Business Week*, May 7, 1930, p. 16:1.

Why Business Needs a Distribution Director

It is impossible to go on indefinitely selling beyond the normal market absorption, with excess selling expense. The product itself must be studied as to its consumer

appeal, style, packaging, its competitive position and its probable life. The market must be analyzed as to volume, area and seasonal effects in order to determine a reasonable selling and advertising expense.

The old type of functional organization is not adequate to meet today's critical economic conditions and no individual is more important in the development of the proper organization to meet this situation than the director of distribution. He must be not only versed in the science and art of selling and advertising, but must have a sound basis of general economics. He must understand manufacturing problems, general accounting, business control and financing.

The staff functions of the director of distribution should be the control of: product research, market research, sales planning, sales budgeting, advertising planning and advertising budgeting. By Carle M. Bigelow. *Sales Management*, May 10, 1930, p. 248:4.

What the Wagon Jobber Can—Cannot Do for the Manufacturer

This report is the result of ten months' interviews with wagon men the country over. Extravagant claims have been made for this method of distribution. It is popular with the small retailer because it helps him display, it multiplies turnover for certain goods, and it reduces the investment. Some of the points covered in the survey are: Rural or urban; calls per day; establishing the route; kinds of stores served; chain stores and wagon jobbers; legal difficulties; unit of sale; number of items handled; exclusive wagon men; introducing new products and how to find wagon jobbers. By H. A. Haring. *Advertising & Selling*, May 14, 1930, p. 20:4.

Five Basic Sales Policies—and Their Application to Banking

The problem of building a trust business is a marketing problem and the principles of marketing should be used in solving it. In selling insurance trust ac-

counts, as in selling anything else five basic policies should be applied: 1. Analyze the market—chart the need for the service to be sold and make sure that the product fully meets the need; 2. Perfect the production personnel—set up an organization capable of producing the service promptly enough to supply all demands; 3. Advertise to the market found—select suitable me-

diums to reach all the market most economically; 4. Contact with other salesmen dealing with your prospects—the more salesmen there are who know about the quality of your service, the better; 5. Provide direct sales contact—put trained salesmen in the field to sell customers on your services. By Oliver J. Neibel. *The Bankers Monthly*, April, 1930, p. 9:2.

Sales Promotion: *Letters, House Organs, Advertising*

Measuring Sales and Advertising with the Same Yardstick

At directors' meetings these days somebody always wants to cut expenses. But they always run their pencils down the balance sheet until they come to "advertising." Why not develop a yardstick which will measure both advertising returns and sales results? If you do you will begin to notice many things hitherto passed by. For instance, the salesmen will bring in more bacon and less baloney. They will make more calls, and stop long enough in each town they are calling upon to get an extra order. The boss may like your yardstick, and may apply it to the office as well. It may be proved that good advertising is better than poor salesmen, but not as good as star salesmen. It may be that next time other expenses will be cut first. But the important thing is to set up some unit of measurement and apply it to every angle of the business. Every department will function better. By Jerome L. Ashcroft. *Advertising & Selling*, April 30, 1930, p. 21:2.

Giving the Distributor a Sales Promotion Plan of His Own

The sales plan worked out by the Edison Lamp Works of the General Electric Company budgets the time of the jobber and his salesmen. He pays for the plan at the rate of approximately \$2 per retail agent per year. Though it is not obligatory, yet it is being used by almost 100 per cent of all the people for whom it is intended. The plan includes a master book for executives which maps out a

twelve-month merchandising schedule in advance; a monthly executive control book; the Edison News Letter; and the Edison Sales Builder. By Roy Dickinson. *Printers' Ink Monthly*, April, 1930, p. 47:4.

Twelve Ways to Use the Miniature Model

The miniature model, although originally a toy, has many other uses, among which are: Impressing the brand name on the future generation; as a sample to parents; advertising novelties; as samples to distributors; a means of securing inquiries; dealer sales aids; for use in counter and window displays; as a premium; a method of demonstrating bulky products; as a toy sold through regular channels; as photographic models in advertising illustrations; for use in schools. By Don Masson. *Printers' Ink Monthly*, April, 1930, p. 44:4.

Why Prestige, Alone, Will Not Maintain Leadership

Banks have not in the past been sales minded. But the public-relations aspect of banking is changing just as are commodity distribution methods. It is now recognized that banks need marketing ability as much as they need sound financial judgment. The National Shawmut Bank of Boston faced the question "what have we to sell?" as the first step in research and self-analysis. A bank sales manual, believed to be the first thing of its kind in the banking business, was compiled. Following close upon this, efforts were developed

towards accomplishing definite goals in these directions: 1. Development of better organization spirit within the bank. 2. Development of specific plans for getting more business through the employees. 3. More careful training of the men who went into the field as salesmen. 4. Efforts to get every officer of the bank to think beyond his own department. 5. Drafting of a program for showing executives of commercial concerns how to use a bank's prestige to solve merchandising and selling problems.

Another factor in their new selling plan is an effort to teach both old and new customers how they can use the bank in solving their immediate problems, such as making desirable contacts for manufacturers, and the solving of selling problems. By R. A. Ilg. *Sales Management*, May 17, 1930, p. 296:2.

Plans for Getting Dealer Helps Used

Many concerns have come to realize the waste resulting from indiscriminate distribution of window displays, dealer helps and other kinds of advertising material. The Packard Motor Company finds that

billing dealers at actual cost brings about better use of the material than if it were furnished without charge. The Hills Brothers Company has found that their best returns have been secured when dealers specifically ask for help. The practices followed by many other firms are given. Report No. 306. The Dartnell Corporation. 33 pages.

Helpful Records for Sales Promotion Departments

An advertising manager found that he was spending too much time digging through old files, records, and scrap books. He therefore gave up his work long enough to organize a system for recording historical facts about the department's progress. The most important divisions of the record are: Advertising Agencies; Artwork; Booklets; Budgets; Educational Exhibits; Mailings and Mailing Lists; Mats and Cuts; Plates and Engravings; Printing; Reprints of Advertisements; Research and Surveys; Sales Promotion Field Work and Department Store Promotion. By Crete M. Dahl. *Printers' Ink Monthly*, May, 1930, p. 64:3.

Buying, Receiving, Storing, Shipping

Traffic and Sales

Traffic and sales are closely related. For 100 per cent efficiency they must operate in perfect coordination and harmony. Assistance is rendered the sales department by the traffic department in many ways: 1. It may furnish the sales department with valuable information as to deliveries—and sales hinge on the fast, safe and cheap transportation of orders; 2. It may perform various shipping services for the sales department; 3. Customer relations are built up partly by the traffic department—a sale is not considered concluded when the order is booked; 4. Many traffic departments participate in making sales and securing orders; 5. The furnishing of traffic information leads to significant consultations between sales and traffic executives; 6. The

conduct of research by the traffic department is of vital concern to sales activities. By Wayne E. Butterbaugh. *Materials Handling & Distribution*, May, 1930. p. 36:3.

Those Hand-to-Mouth Buying Myths

After seven or eight years of hand-to-mouth buying it is apparent that in many cases manufacturers' inventories have been lightened and investment in stocks decreased. In metal industries, textiles, packers, boots and shoes and others, there is evidence that stock burden is decreasing. Considering both the data and the forces at work in American industry and trade, it seems reasonably clear that the philosophy and the practice of hand-to-mouth buying are likely to yield

greater returns in the reduction of inventories to the manufacturer in general than to the merchant in general. By Leverett S. Lyon. *Nation's Business*, April, 1930, p. 50:3.

Central Buying by Department Store Mergers

The distinction between central buying and group buying is made. Classes of merchandise which do not require personalized selling lend themselves readily to central buying. This method however

will not be more widely applied by ownership groups until: 1. the pressure of chain store competition forces the change; 2. a plan of organization allows individual stores to retain ultimate authority while yielding central control necessary to effective operation; 3. store managers are assured that there will be no element of compulsion in any plan of central buying to which they might subscribe. By David R. Falk. *Harvard Business Review*, April, 1930, p. 265:9.

Salesmen: Selection, Training, Compensation

Sales Supervisor Devises Unique Course for New Employees

The Sales Supervisor of Company Stores in one of the districts of the Public Service Company of Northern Illinois has a definite training course for new employees selected for sales work. In line with the uniform training practices adopted through the medium of the sales training program, all new sales employees start their training at the lamp counter. The first step in the training course is to read the manual incorporating a brief description of the lamp policy. Then follows a brief period of actually handling the lamp stock to learn the different types and sizes. After a little further preparation the employee is ready for a series of tests dealing with problems at the lamp counter. The final test is in the form of a written examination to be filled out by him and submitted to the Store Supervisor. *Public Service Company of Northern Illinois News*, March 15, 1930, p. 16:1.

Don't Blame the Salesman for Price Concessions

Price concessions are never made by the salesman. They are always made by the house for which he works. His suggestions are simply echoing the pressure of the buyer. Among the sales problems of the year the outstanding one is getting a fair price and getting it on enough mer-

chandise to keep the machinery busy. More often than not the antidote for price pressure is some slight change in the product which will make new sales talks possible. When the sales force knows that there will be no secret price cuts, when the sales manager knows that any price change will be general, and when the management realizes what such a price change will cost, hard thinking will have to be done. By A. H. Deute. *Printers' Ink*, April 24, 1930, p. 3:4.

Training for Effective Salesmanship

Every training course should include: information on the sources of prospects, methods of obtaining prospects, and practice in making out prospect lists; material showing the methods used by successful salesmen in interviewing prospects, and practice in the use of these methods; and information on how orders are obtained in the field. When training courses lasting several weeks are given, the plan of having the men devote the morning to training and the afternoon to actual selling has worked out satisfactorily in many cases. Practice in answering objections should also be a part of the training course. Even experienced salesmen should have organized plans for selling. Where there is a lack of enthusiasm among a group of salesmen over a training course the fault can usually be traced to the material presented

or to the fact that the material has been poorly organized. In a life insurance company where the training course was optional, average earnings of salesmen who had taken the course were more than 50 per cent greater than those who had not taken it. In a manufacturing company the production superiority of trained men was 82 per cent greater than the untrained. By John A. Stevenson. *System*, March, 1930, p. 220:4.

Finding and Selecting Salesmen

Feeling that the problem of sales organization in England differs from the situation in America, a committee of the Incorporated Sales Managers Association has published this pamphlet which covers the various sources from which salesmen may be obtained: advertising, employment agencies, men from universities, schools of salesmanship, experienced salesmen, applicants sent on by other sales managers. Newspaper advertising is dealt with, also other sources from which salesmen can be obtained. There are also sections on the interview and making the appointment. Edited by E. Wm. Phillips. 57 pages.

Successful Methods of Selling Printing

Trained salesmen working for large specialty printers not only know the regular markets for their product but they also know how to sell it in new fields. The qualifications of a successful printing salesman include a pleasing personality and a good education. He should know paper stocks, printing plates and other materials used in the production of printing. Many printing firms follow this plan: a trained salesman is engaged to work among regular customers and prospects. One member of the firm is in charge of the office, but he visits the most important customers and personally attends to their requirements. Another member of the company is manager of the plant and is assisted by a head compositor and a first-class pressman. The manager keeps in close touch with the office, and orders all supplies. The regular salesman telephones the office at intervals for the purpose of caring for rush orders. By Francis R. Stevenson. *The Printers' Album*, April, 1930, p. 5:3.

Benefit Systems and Incentives: Bonus Plans, Vacations

Pension Plans for Salesmen and Employees

Among the many points covered are the following: How to provide jobs for old salesmen; how to take care of incapacitated salesmen; whether there should be an age limit in the sales organization;

using aged salesmen as junior executives; transferring old salesmen to easier territories; basing pensions on average annual wages; United States Rubber Company pension plan; Pratt & Lambert service pension plan, and various other plans. Report No. 314. Dartnell Corp. 32 pages.

Retailing

Fundamental Faults in Retailing

Retailing is in a bad way, and something must be done to improve it. Some of the steps to that end are these: 1. Ensure a selected stock that accords with the needs of the particular neighborhood in which the stock is offered for sale. 2. Renew this stock as it moves into consumption. 3. Locate these reserve stocks convenient to the retail stocks they must renew. 4. Re-

new these reserves, as they move into retail stocks. 5. Identify and ensure dependable sources of stocks that will be acceptable to consumers.

After this there is the handling of the merchandise after it comes into the possession of the retailer, which involves equipment and personnel, store arrangement and display, the allotment of stocks to suitable locations within the store, the quantities to

display and the quantities to maintain in reserve. It also involves organized selling, deliveries and handling. It involves financing all of these operations and financing of promotion, credit and a multitude of other operations. By E. M. West. *Advertising & Selling*, May 14, 1930, p. 23:2.

Are Chains the Enemies of the Manufacturer?

Chain stores are invading the manufacturing field and manufacturers are invading the retailing field. This results in a collision, an absorption or a profitable co-operative arrangement. Any marketing agency has but one claim to consumer support—that a public service is performed by making merchandise available to consumers on the most efficient basis. If the following fundamental principles are kept in mind profits to both manufacturer and retailer would increase:

First, no buyer has a right to make price demands which involve confiscation of the efficient manufacturer's profits or that jeopardize the continuous and constructive operation of his business.

Second, waste, wherever it is generated and whatever circumstances are responsible for it, cannot be permanently justified.

Third, maximum service to the ultimate consumer is the responsibility of every manufacturer and distributor.

Fourth, the costs of doing business with chain stores on a cash basis, without credit losses, must be clearly distinguished from the costs of doing business through channels of high mortality and great credit risk.

Fifth, efficient agencies of distribution, such as the chains, have a right to obtain and distribute merchandise without including in the price any of the costs resulting from waste in other channels of distribution. By R. W. Lyons. *Nation's Business*, May, 1930, p. 25:5.

Chain Plan Success for Grocery Group

The independent grocer has more than an even chance against chain competition if he adapts the successful chain methods

to his own business according to Arthur P. Williams, president of R. C. Williams & Co., wholesale grocers. His company, for the past six months has been directing the operations of a chain of independent retail grocers, known as the Royal Scarlet stores. The chain store manager has only one duty—to sell merchandise; the independent retailer has many duties, Mr. Williams says. The Williams Company assumed these duties and prompted the Royal Scarlet grocers to use chain store methods. The results of this experiment have indeed been favorable. *New York Times*, May 11, 1930.

Conditions Stress Better Price Lining

For the past few months experiments have been conducted in various retail stores to determine those price levels which "click," or those to which the consuming public responds most readily. Price lining, which is the offering of merchandise at demand-price levels, has become an absolute requisite for satisfactory sales volume. The following example aptly illustrates its importance: A prominent store named a price of \$2.96 on certain women's shoes which were imported. At this price the shoes did not sell; the low price evidently did not convey the real quality of the article. The price was raised to \$4.96. Still they did not sell. Finally the in-between price of \$3.96 was set and the volume of sales increased immediately.

The value of establishing correct price lines is immediately seen; therefore, it is also obvious that wholesalers and producers should build their lines to price levels on which they can stimulate the greatest volume. *New York Times*, May 11, 1930, p. 6N.

We Pay Our Clerks Premiums to Wipe Out Waste

Federal Bake Shops, Inc. believes that the biggest factor in effecting economies of operation in a chain unit is the personal effort at economy of those employed in the unit itself. Many methods have been employed to secure wholehearted effort at

economy. The plan used by Federal Bake Shops is to establish a certain standard in expense control up to which all units are expected to come. After that point is reached the employees are given in actual cash what might be called "plus-savings" which they are responsible for making. All expenses are divided into two classes; that which can and that which cannot be con-

trolled by the store crew. Each month's premium is paid at the close of the following month. In many stores premiums are banked by the manager and division, and payment with interest is made every six months. This gives the employee a substantial bonus at convenient times—December and June. This plan is liked wherever it is used. By James Oakes. *Chain Store Age*, May, 1930, p. 39:3.

Wholesaling

Poor Earning Power Found Frequently in Fast-Moving Items in Wholesaling

An analysis by departments of two wholesale grocery houses revealed that other things being equal an increase in turnover does decrease the percentage of expense, but some of the faster moving commodities do not obtain sufficient gross margin to offset the operating expense chargeable against them. The American Institute of Food Distribution says there are more retail members of voluntary chains than there are units of regular grocery chains: 54,797 compared with 49,567. Advantages and weakness of voluntary chains are mentioned. *U. S. Daily*, April 12, 1930, p. 3.

Considerations for Wholesalers in Regard to New Brands Suggested

To avoid waste of sales efforts, wholesalers are urged, in a recent article in *Groceries*, to satisfy themselves on the following points before lending merchandising support to a new product or attempting to revive an old unsuccessful brand:

1. Is there a reason why the consumer

should buy this new brand? Does it contain a noticeably higher quality? Is it more efficient or more valuable or is the cost lower?

2. Is the sales management of the company experienced in grocery merchandising, and does its record warrant the trade's confidence?

3. Are the sales plans and policies of this firm sound and economical? Are they planned on a sufficiently great scope to accomplish the purpose of the campaign?

4. Is the advertising planned in sufficient volume? Is it a good copy campaign? Are the right media used?

5. What are the resources of this firm? Can they extend their advertising if necessary? Can they extend their sales promotion work if necessary?

The anticipated objection that such a judgment can be expected only of a merchandising authority is met with the statement that if the wholesaler is not one, he has no right to gamble with the resources of his firm in lending them to such promotion activities. *Domestic Commerce*, May 10, 1930, p. 138.

Books Received

Discussion Plans (Conducting Foremen's Meetings. Vol. II) By the Staff of the National Foremen's Institute. The National Foremen's Institute, Inc., Chicago, 1929. 166 pages.

Practical Economics. By Henry P. Shearman. McGraw-Hill Book Company, Inc., New York, 1922, 1929. Second Edition. 466 pages.

A Study of Assimilation Among the Roumanians in the United States. By Christine Avghi Galitz, Ph.D. Columbia University Press, New York, 1929. 282 pages. \$4.00.

Economic Resources and Industries of the World. By Isaac Lippincott. Appleton and Co., New York, 1929. 656 pages. \$5.00.

The Law on Advertising. By Clowry Chapman. Harper & Bros., New York, 1929. 495 pages. \$7.50.

The Money Game. By Norman Angell. E. P. Dutton & Co., Inc., New York, 1929 revised. 204 pages. \$6.00.

Planning a Career. (A high-school text.) By Lewis W. Smith and Gideon L. Blough. American Book Company, New York, 1929. 470 pages.

Departmental Merchandising Statistics. Percentages of Orders Placed, Merchandise Receipts, and Sales by Months. Dry Goods Economist Research. Textile Publishing Company, New York, 1929. 35 pages.

The Labor Injunction. By Felix Frankfurter and Nathan Greene. Macmillan Company, New York, 1930. 343 pages. \$5.00.

Survey of Books for Executives

The Soviet Union Looks Ahead. Horace Liveright, New York, 1929. 275 pages. \$2.50.

This authorized statement of the economic program which the Soviet Union has adopted is of much more than ordinary interest. A great deal has been said of Russia and of its economic condition, while predictions of wonderful success and of almost immediate breakdown have alternated with one another. Many Americans have become so bewildered by the conflicting assertions that have been brought to their attention that they have given up all interest in the Russian situation, and have placed the subject in the ante-room of their consciousness, awaiting the time when it can present satisfactory credentials entitling it to their attention.

"The Soviet Union Looks Ahead," furnishes these credentials. It not only represents a reasoned, and apparently reasonable, plan for national expansion, over a five-year period, thus showing what it has sought by the present Russian Administration to accomplish, but it affords an interesting example of national budgeting or stock-taking on a large scale, with all of the energies of a people devoted to the accomplishment of a given object. If the Five-Year Plan of Development shall succeed, even in moderate degree, it will afford the first example of a nation operated like a business house, or commercial concern, with a view to direct results.

Many persons have thought that the Soviet Union is the best representative of Capitalism in the world. Its five-year plan shows it as an outstanding representative of a glorified factory system, or "efficiency undertaking."

To state exactly what the Russian government has in mind in all of its phases, would involve immense volume of data which, in this book, are packed into 275 closely printed pages. Only the barest sketch of what is sought can be afforded. First of all, the government has attempted to ascertain the economic position of the country as nearly as possible and to estimate its relative growth and efficiency as compared with a period five years ago. It wants to continue the same forward progress, and it asserts that within the five years in question, the growth of the volume of production and of the productivity of labor has been reflected in an increase of the national income (in 1927-28) to 107.1 per cent of the pre-war. Such figures are often sneered at by extreme critics of the Russian régime, but there is no special reason for doubting them. Pre-war efficiency was low, and industry was conducted on a random basis. Current efficiency is not high, but it is much higher than that of five years ago, or pre-war times.

What is now desired is industrialization of the country, during a five-year period extending from 1928-29 to 1932-33.

It is hoped to increase investment from 26.5 billions of rubles, to 64.6 billions, the bulk of this increase being given (relatively speaking) to industry, while agriculture comes second in development. Provision is also made for housing, electrification and transportation, and an effort is made to apportion the expected growth between geographical districts, and also between national and private enterprises. The latter are to be reduced in capitalization by about a third, while the former are to be advanced about a fourth. From the engineering standpoint, the plans now on foot are of peculiar interest. They provide for vast electric power development, with a transition to large scale enterprises, combining power chemical and metallurgical production, with the aid of the best technical ability which can be employed in foreign countries. The mechanization of agriculture is to accompany industrialization and introduction of a thorough program of electrification is planned.

At the same time with these great schemes for the radical reconstruction of the production plant, it is intended to develop a body of skilled workers, capable of running the new mechanized equipment of the nation. This will involve the establishment of about 250,000 skilled workers including some 200,000 tractor operators, and 50,000 mechanics in agriculture alone, while in industry it will need 60,000 technicians or three times the number now available. The number of skilled workers to be graduated from trade schools in the five years will be more than 1,500,000. In consequence of these changes it is supposed that the growth of the volume of production which is desired will come to pass, and that as a result it will be necessary to have corresponding improvement of the transportation service. To this end the development of the railroads is further being planned.

Financially, a program parallel to the industrial and agricultural schemes have been mapped out. The total amount of financing that will be required to carry out the

plan is estimated at about 86 billion rubles, not including floating capital. Those who have the operation in charge have been at pains to divide up the amount thus needed by years and industries, indicating exactly what distribution is dictated by the program, and how much should be allowed for industrial, social, and other types of development. The national budget is still relied upon as a chief source of financing, and will continue to play the role of chief financial weapon of the country. Carrying further the ideas of price control, and oversight which have been characteristic of Russian banking reorganization, the Five Year Plan provides a scheme "designed to guarantee a 20 per cent increase in the purchasing power of the Chervonet." This, translated into plain language, means that during the five year period in question, the Soviet government intends to cut out inflation to the extent of 20 per cent and to move its national price level nearer by that amount to the world price level.

In foreign trade, the Five Year Plan is equally as ambitious or courageous as it is in finance. The purpose in view is that of building up the industrial power of the nation, so that manufactured exports can be decidedly increased, along with natural growth of raw materials. The agricultural plan, by providing for the larger production, on home territory, of essential materials, such as cotton, is made to fit in closely with the foreign trade plan in the narrower sense of the term. Great increase in exportable power, and hence great increase in the importation of capital forms, machinery, equipment of all kinds, and rolling stock is the end in view. The result will be, if attained, to give Russia at least a foothold in the position she has long sought as an arbiter of neighboring markets.

Can these objects be accomplished? They are so novel in their method, and so great in their scope, that observers in capitalistic countries must necessarily maintain an attitude of doubt and question, until supplied with the actual evidence of

performance. There is much to suggest that in some branches at least, the program may be partially realized. There is a good deal to warrant the fear that like all great projects, it will be likely to succeed only in a part of its objectives. Whatever may be the outcome, students of national policy throughout the whole world must hope for the success of the experiment, both because of the benefits thereby to be realized, by the average citizen in Russia, and because of the light that can be thrown upon the whole question of social and economic organization upon a national scale.

H. PARKER WILLIS, *Editor,*
The Journal of Commerce.

Modern Capitalism and Other Addresses.
By E. H. H. Simmons, President, New York Stock Exchange. 311 pages.

This book is a volume of addresses by the President of the New York Stock Exchange covering such items as Modern Capitalism, America's Outlook on International Finance, Speculation and the Stock Exchanges, The Myth of American Financial Imperialism, The Stock Exchange as a Stabilizing Factor in American Business, Listing Securities on the New York Stock Exchange, Modern Business and Government, Stock Market Loans, Frontiers of American Finance, Cooperation Against Security Frauds, Security Swindling: Its Menace and Its Cure, Free Markets and Popular Ownership, The Stock Exchange and the People.

England and the New Gold Standard 1919-1926. By William Adams Brown, Jr. Yale University Press, New Haven, Conn., 1929. 322 pages. \$4.00.

The experience of the reconstruction years has disclosed a new horizon, and the gold standard of today is more than a mere restoration of the "automatic" gold standard of 1914. The author believes that the time has passed when gold-standard countries will permit the long-run trend of prices

to be determined for them by the inadequacy or redundancy of gold production.

The historical origins of the changes which the gold standard has undergone since 1914 are traced; the relationship of the British Empire as a whole, and of the United States, to the problem of the return to gold is shown; and finally some new illumination is sought as to the nature and principles of the gold standard.

If the new gold standard becomes a definite fact, it will mark an advance over the gold standard of 1914 in three important respects. First, it will recognize that the use of gold as currency can be permanently dispensed with without injury to the purposes for which the gold standard exists; it will consider as part of its essential functions the effort to attain general stability in a common world price system over long periods as well as short; and third, it will free itself from rigid arithmetical ideas as to the ratios of gold reserves necessary in gold standard countries. It will no longer subordinate the more important advantage of a stable level of world prices to the less important advantage of high reserve ratios in particular countries.

Production Planning. By John W. Hallock. Ronald Press, New York, 1929. 172 pages. \$4.00.

Perhaps a better title for this little book would be: "Machine Shop Operations—Analysis and Control," since most of the text is devoted to foundry and machine-shop practice—particularly to machine tool and fixture performance. The manufacture of a standard line of valves is used to illustrate the discussion, and to furnish problems for students. The relation of production to sales and to plant organization is covered in the last two chapters.

Professor Hallock has written for two purposes (according to his preface)—(1) a text book for engineering college students, and (2) a reference book for production men in manufacturing concerns. As a text book, a real need is well met—the

approach is simple, clear, and orderly, and the specific examples and problems included are an excellent feature. As a reference book for men engaged in production work (particularly outside of foundries or machine shops), a more comprehensive and advanced discussion seems desirable, both as to mechanical or shop problems and those of control.

The determination of machine capacities for metal cutting is covered excellently, and mathematical formulas are developed covering standard tools such as lathes, milling machines, drill presses, etc.

Similarly, the economics of Jigs and Fixtures, Material Handling, Operating Cycles (number of pieces per lot), and Scheduling are developed into mathematical formulas of general application and much value in any line of manufacturing.

Besides the problems or examples in the text, a series of examples is given in an Appendix, and a good Bibliography is furnished.

This book is illustrative rather than comprehensive; its chief appeal is the presentation of fundamental relationships in quantitative or mathematical form, the logical development of which is worked out in the text.

ROBERT P. KING.

How to Write a Business Letter. By Marion G. Fottler. Ronald Press, New York, 1929. 283 pages. \$2.75.

The irksome task of letter writing is eased a bit by such books as this one in which the form, choice of words, stationery and letterhead, correct spelling, punctuation, and various types of letters are discussed and illustrated by suitable letters taken from the files of leading business houses.

Handbook of Corporate Management and Procedure. By Earl A. Saliers. McGraw-Hill Book Company, Inc., New York, 1929. 1237 pages.

A countless amount of practical material, including actual forms in use, source material, and logical procedures, has been combined to make this volume, as its name

implies, a handbook of information for the average corporation.

Part I takes up Corporate Organization, including the following topics: Corporations Defined and Classified; Forms of Organization Other Than Corporate; Promotion; How and Where to Incorporate; The Corporate Name; The Corporate Charter; Stockholders; Stockholders' Meetings; The Board of Directors; By-Laws.

Part II deals with Finance, including Working Capital and Permanent Capital Financing, and Accounting for Capital Stock.

Management and Control are discussed in Part III. Among others, there are chapters on: Valuation and Appraisals; Treatment of Corporate Revenues and Surplus; Corporation Reports; Budgets; Balance Sheet Analysis; Voting Trusts; The Investment in Plant; Stock Transfers; The Stock Exchange; Holding Companies; Bankruptcy and Insolvency; Corporate Reorganizations; and State and Federal Regulation.

Profitable Retail Advertising. By M. E. Tobias. Harper & Brothers, New York, 1930. 276 pages. \$4.00.

The author deals here with the problem of the small retailer of limited resources who must depend largely upon his own efforts for his advertising. In practical, constructive discussions, Mr. Tobias explains the fundamentals of advertising in such a way that the principles may be applied by any merchant, whatever his field, to his individual problem.

Every phase of retail advertising is dealt with . . . from the psychological reason for each type of advertisement to the mechanical processes involved in its setup. Every discussion is backed up by concrete examples. In the chapter on lay-outs, several unusual illustrations are given, which both in themselves and in the ideas that they suggest, are of inestimable value to the unassisted advertiser.

It is Mr. Tobias' contention that "all advertising plans should be constructed

progressively toward a definite merchandising goal" and with that in mind he offers practicable suggestions, among them seasonal advertising schedules, promotional campaigns and house-to-house canvasses, to show the merchant a definite way to achieve this goal.

The book is written in straight-forward style, with a skillful avoidance of all technical terms that might confuse the layman. Besides the thorough knowledge of retail advertising, Mr. Tobias has a sound understanding of modern business problems and psychology that make his book of great value to the student of advertising as well as to the merchant for whom it has been written.

HUGO SONNENSCHEIN,
Publicity Manager,
Gimbel Brothers.

Common Stocks and the Average Man.
By J. George Frederick. The Business Bourse, New York, N. Y., 1930. 377 pages. \$4.00.

This book is designed to be of service to the average man in the investment of his funds. It covers such interesting questions as:

Should the average man speculate or invest?

Twelve test principles of successful common stock buying.

A definite measuring stick for judging common stocks.

Marginal speculation.

Buying stocks on the installment plan.

Investment trusts.

The book even suggests common stocks that seem to be bargains for the long pull.

Unemployment: An Analysis and Suggested Solution. By John P. Bibby. P. S. King & Son, Ltd., London, 1929. 136 pages.

That a book of highly speculative character may be simply written is evidenced by this economic analysis and suggested solution of the unemployment problem in England. The author has several premises

which must be accepted if one is to approve his line of reasoning. The first of these is that there is a limited amount of money available for wages, which constitutes the wage fund. Secondly, there must be 100 per cent trade union organization. Thirdly, human nature will submit to a form of control which almost completely submerges the individual in the interests of society in the mass. The main thesis of the volume is that unemployment can be reduced to its irreducible minimum by complete fluidity of wage rates which will maintain a constant demand for workers. Thus as unemployment develops a reduced wage scale would bring the costs of production to a level where new jobs would be created. The present sluggishness of wage rates results in lowering of purchasing power and consequent unemployment.

The unlimited opportunity for advance in wage earners' standards of living must come through increased production and the resulting reduction of commodity price level. Orthodox economists, the author maintains, support the principles enunciated in this book. The volume was apparently stimulated by economic and social situations in England, which are so far out of line with those which prevail in America today that it is of primary interest on this continent only to theoretical economists.

G. A. BOWERS, *Director of Research,
Industrial Relations Counselors, Inc.*

Material Control and Storekeeping in Machine Shops and Foundries. By Willis Wissler. Ohio State University Press, Columbus, 1929. 284 pages.

A series of case studies of Ohio manufacturing concerns selected with respect to routines in effect in handling materials in process of manufacture. Numerous forms and charts illustrate current practices in these firms. The cases selected illustrate the foundry type, the engineering type, the engineering type with lateral integration, evolution of compact system for small plant, flexible limits type, progressive assembly type, intimate integration of process and

material controls under common production control, coalescence of material and production control operated from investment turnover basis with material records the master control, integration of material control with production control in a large scale engineering product manufacture, and material control and storeskeeping in the foundry.

Our Biggest Customer. By George Harrison Phelps. Horace Liveright, New York, 1929. 192 pages. \$2.00.

This is a chatty sort of book which may be read at a sitting. It is written by a prominent advertising man whose main thesis is expressed in the following excerpt: "The laboring man enters his wholly new position among us because, in a very few recent years, he has become a factor of the first importance in our economic structure. He used to be the man who made all our products. For possibly five hundred thousand years he has been only that. Now, of a sudden, we have discovered that he is also the man who buys nearly all our products. The man who made himself the greatest of all producers has become the greatest of our customers." In developing this thought with a variety of running comment and some statistics, the author shows that even from a position involving no sympathy for the worker as such, it is good business to keep employment steady, wages high, hours fair and leisure ample.

HERMAN FELDMAN,

*Professor of Industrial Relations,
Amos Tuck School of Administration
and Finance,
Dartmouth College*

Foreign Securities. By John T. Madden and Marcus Nadler. Ronald Press, New York, 1929. 452 pages. \$6.00.

American investors are more and more becoming interested in foreign securities. Our position has been reversed in the financial world. Instead of marketing a large part of our securities abroad, Europe is now marketing a large part of her securities in the United States. Investment trusts

are definitely set up to provide for investments abroad as well as investments at home, and several billions of dollars of foreign securities are owned in America.

This volume is, therefore, of special interest to investment organizations and to large investors. It covers the theory of international finance, analytical factors of foreign public securities, political and legal factors, mortgage banking and other leading problems of international finance.

Such questions as international transfers, methods of underwriting foreign government loans, negotiation by the banker, analysis of foreign securities, repudiation, default, gold clause, financial intervention, etc., are covered.

W. J. DONALD.

The New Place of the Stockholder. By John H. Sears. Harper & Bros. New York, 1929. 260 pages. \$4.00.

Mr. Sears is a lawyer and obviously a lawyer of wide experience in corporation practice, but he writes this volume from the standpoint of a humanist. He pleads for the eventual well-being of management, the stockholder and society. He brings into clear relief the trends that accompany wide stock distribution, and the social and economic significance of these trends. He gives full weight to the growing indifference and apathy of the "average" stockholder and offers some timely and pertinent advice to executives for the use of this latent resource.

Every few pages the motive of the writer crops out in phrases like this: "Present day stockholder's lack of participation in the business is to be regretted because it takes from him the full thrill of the romance of business to which he is entitled." Then he swings into a practical vein with these words: "How about making the stockholder a partner in the romance and then see how much we will swell the profits?"

Mr. Sears discusses in every-day, non-technical terms customer ownership, employee and manager ownership, more and better information for the stockholder, real

versus perfunctory meetings of stockholders, and a dozen more equally meaty topics. In fact, one cannot read through to the conclusions in chapter 23 of this book without a conviction that Mr. Sears has made a real contribution to the life of his generation.

S. F. SHATTUCK, *Vice-President,
Kimberly-Clark Corporation.*

The Story of Wall Street. By Robert Irving Warshow. Greenberg, Publisher, Inc., New York, 1929. 362 pages. \$5.00.

Spectacular personalities who made the history of Wall Street are described in this book and the leading events, such as the Erie raids, the gold conspiracy and black Friday, the evolution of "big business," the war and Wall Street, the bloodless revolution and the development of the exchange.

Scientific Management in American Industry. Edited by H. S. Person, Taylor Society. Harper & Bros., New York, 1929. 479 pages. \$6.00.

This is a timely work, and if it does nothing more than clear the air on the several questions of whether scientific management is a particular system or mechanism, whether it makes a machine of the worker, and whether it merits the opposition of union labor, it will have made a great contribution. The book is a convincing answer to all three of these questions, because scientific management is shown to involve basically a state of mind—a scientific approach to problems of management, which is the antithesis of any particular system; it shows also that, rather than make a machine of the laborer, it reduces purely mechanical work to a minimum, both in point of hours for the individual and relative volume as a whole, not to mention the matter of greater real wages with less hours; and it indicates that in most cases scientific management does more for labor than the labor unions themselves demand. Those of us who are not in production fields are likely to minimize

the problem of the conflict of capital and labor. There is sufficient evidence, both within and outside of the United States, that it has not decreased in its intensity, and it would be optimistic, indeed, to hope for a solution of the capital-labor problem other than by way of frank cooperation in the determination of facts concerning what can be done, and the distribution of the reward for its accomplishment.

But the value of this work does not lie alone in these important factors; it is a clear statement of what the scientific attitude can accomplish in industry, and while the principles and some of the matter presented may have been encompassed in one form or another during the past thirty years, this is a much-needed clarification and classification to which ready reference should and will be made by all interested in the subject.

Unimportant differences of opinion will arise as to whether some of the matter should be classified as philosophic rather than scientific. The field of general administration, for example, is one of our most illusive; there is so much of psychology in it and so little of accepted mechanism that one wonders whether administration will not always be classed as an art rather than as a science. Be that as it may, the chapter on Research for General Administration is a concise and an excellent presentation of this new and perhaps most intangible of our problems. Moreover, it goes far in developing the solution of that problem.

The subdivision of the book into the three major subjects of research, standards, and control, is unique, and it may be challenged because these major factors are so inter-related that progress must be made simultaneously in all three of them in any successful enterprise. Standards, for example, are being constantly improved by research, so they are necessarily of transient nature, and control is essential in the very function of research if pioneer effort is to be successful rather than wasteful. But, after all, classification is the essence

of clarity, and the major classification of this book is a good one. It should be said in this connection that the chapter on "Classification and Symbolization" is the clearest statement the writer has so far seen on the subject.

To commend to the reader's attention any special chapters in this work would be difficult, for it is all good, and the disadvantages of multiple authorship are much more than outweighed by the scope of the matter and its analytical conciseness. The Managing Director of the Taylor Society has done a fine job by interweaving certain newer and possibly somewhat philosophic elements, which clearly enrich the whole. Reference is made, for example, to the matter on the origin and nature of scientific management, and the new attitude toward, and leadership in, scientific management.

Occasion is taken in closing to venture the prediction that much greater impetus to the introduction of scientific management will result from the publication of this work. The great regret is that there are relatively so few of sufficiently broad training and experience really to introduce scientific management. Most of us are prone to accept mental attitude as it is, and to avoid the scientific method in research, confining our efforts to mere changes in system.

ARTHUR K. SCHULZ,
*Assistant Comptroller,
Chase National Bank.*

The Fundamentals of Good Bank Building. By Alfred Hopkins. Bankers Publishing Co., New York, 1929. 142 pages.

In this volume the author presents many interesting and basic problems which the banker who is contemplating a new bank building will find immensely useful. In this respect it presents a treatise on a subject that seems to have been generally overlooked by authors.

The banker is presented with many illustrations of problems confronting him in his building program, and these are exhibited in unusually practical ways. While the

author naturally elaborates on architecture and design, I was agreeably surprised to find that a large part of the book is devoted to practical arrangements and utility of the new building. Only too frequently do we find that in the construction of new bank buildings the theme of design and architecture have been given so much attention that the banker, upon completion of his new bank building, finds it to be very monumental and ornamental, but lacking in utility and comfortable working arrangements.

Lot areas and location are discussed and several types of lay-outs are suggested with illustrations as to the results obtained with various shaped lots.

Departmental arrangements and lay-outs are, however, but briefly discussed. These items are sometimes slighted by architects but deserve a very important place in building plans. Many a bank building is outgrown or becomes obsolete simply because of lack of departmental facilities and inadequate or improperly laid out or poorly located working spaces.

Perhaps the most talked of new departure in bank interiors today is the substitution of counters for the conventional high front tellers' cages. The author illustrates the designs of some of the new type counters and the advantages they offer.

Ventilation, lighting, floors, and many other problems which present themselves in such an undertaking are covered in this book and the conclusions regarding many of their aspects reflect a long experience with these matters. Many views of typical and unusual bank buildings and interiors are shown which will interest the banker who is planning a new building.

The book is very well written and not at all formidable. While one's views cannot be expected to coincide with all of the author's contentions, nevertheless his experiences and studies, as presented in this book, will be found to be invaluable as an aid in the planning of a new bank building.

R. C. HUELSMAN, *Comptroller,
The Midland Bank.*